



COUNCIL AGENDA: 04-20-04

ITEM:

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Katy Allen
Ralph G. Tonseth
Larry D. Lisenbee

SUBJECT: SEE BELOW

DATE: 04-14-04

Approved

Date

Council District: Citywide

**SUBJECT: ADOPTION OF AN APPROPRIATION ORDINANCE AMENDMENT IN
THE AIRPORT RENEWAL AND REPLACEMENT FUND FOR THE REMOTE
TRANSMITTER RECEIVER RELOCATION PROJECT**

RECOMMENDATION

- a. Approval of Contract Change Order No. 1 with GSE Construction, Inc., for the Norman Y. Mineta San José International Airport—Remote Transmitter Receiver Project, in the amount of \$160,000, for a total contract amount of \$1,804,400, and approval to increase the project contingency from \$164,000 to \$324,000.
- b. Adoption of the following Appropriation Ordinance Amendments in the Airport Renewal and Replacement Fund:
 1. Increase the Remote Transmitter Receiver Relocation appropriation by \$160,000.
 2. Decrease the Airline Ticket Counter Space appropriation by \$160,000.

CEQA: Resolution Nos. 67380 and 71451, PP 04-04-107.

BACKGROUND

On May 27, 2003, Council awarded a construction contract to GSE Construction, Inc. in the amount of \$1,644,400 for the Relocation of the Remote Transmitter/Receiver Project. The project relocates a Federal Aviation Administration (FAA) facility that consists of antenna towers and radio equipment supporting the operation of the Airport Traffic Control Tower and runway navigational aids. The facility is being relocated from its current site on the west side of the Airport to a new site close to the Control Tower on Martin Avenue.

ANALYSIS

Staff initially secured FAA approvals for this project prior to bidding. However, after the award of the contract, the FAA raised new concerns regarding the soils contamination studies for the new site and they did not allow the contractor to begin construction. Subsequently, after additional reviews, all FAA concerns were addressed and construction is now proceeding. However, as a result of the delay, the contractor incurred additional costs that were not included in his original bid, and he submitted a request for additional compensation.

The contractor originally anticipated starting construction in July 2003. The actual construction start date, as a result of the delay, was January 2004. The contractor originally submitted a request for compensation of approximately \$184,000 for cost increases related to subcontractor and material cost escalation and increased overhead costs associated with the six-month delay. After staff did a detailed review of the request and after subsequent negotiations, the contractor indicated that he would accept \$160,000 as fair compensation for the project delay. Since the proposed change order is for costs related to the initial delay and not due to construction changes, it is also recommended that the construction contingency be increased by \$160,000.

The Airline Ticket Counter appropriation, which was established at mid-year, will not be using all the funds that were appropriated. This savings is due to the Airport using in-house personnel to complete the needed construction.

AIRPORT MASTER PLAN CONSISTENCY

The San José Municipal Code requires that capital projects at the Airport be consistent with the adopted Airport Master Plan. The relocation of the RTR site is explicitly identified in the Airport Master Plan as amended in February 2002, and is therefore consistent with the Master Plan under Municipal Code Section 25.04.210(B)(1).

PUBLIC OUTREACH

Not applicable.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office and the Departments of Finance and Planning, Building, and Code Enforcement.

COST IMPLICATIONS

1. AMOUNT OF RECOMMENDATION: \$160,000

2. COST OF PROJECT:

Project Delivery	\$1,200,383*
Construction	2,359,617**
Proposed Contract Change Order No. 1	160,000
Proposed Contingency Balance	<u>164,000</u>
TOTAL	\$3,884,000

* \$739,682 of the Project Delivery costs were expended or encumbered in 2000-2003.

** This amount includes costs for the construction contract, utility agreements and an agreement with the Federal Aviation Administration.

3. SOURCE OF FUNDING: 527 – Airport Renewal and Replacement Fund***

***Funding of \$625,000 is currently budgeted in the 2003-2004 Adopted Capital Budget, Airport Renewal and Replacement Fund (Fund 527). The appropriation adjustment to the Airport Renewal and Replacement Fund provides for additional funding to complete the project.

4. FISCAL IMPACT: This project is consistent with the Council-approved Budget Strategy Economic Recovery section in that it will spur construction spending in our local economy. The project has been reviewed and was determined that it will have no significant adverse impact on the General Fund operating budget.

BUDGET REFERENCE

Fund #	Appn #	Appn. Name	RC #	Total Appn	Amt. for Contract	2003-04 Adopted Budget Page	Last Budget Action (Date, Ord. No.)
527	5928	Remote Transmitter Receiver Relocation	11452X	\$625,000		Page 53	10/14/03 Ord. No. 26997
527	4870	Airline Ticket Counter Space	13168X	\$1,200,000		NA	02/17/04 Ord. No. 27074

HONORABLE MAYOR AND CITY COUNCIL

04-14-04

Subject: Remote Transmitter Receiver Relocation CCO #1

Page 4

Note: An appropriation for \$160,000 is recommended as part of this memorandum to provide additional funding necessary to complete the project.

CEQA

CEQA: Resolution Nos. 67380 and 71451, PP 04-04-107.

KATY ALLEN
Director, Public Works Department

LARRY D. LISENBEE
Budget Director

RALPH G. TONSETH
Director of Aviation

TSF:CT
4_20_04#2.doc